



***DOCKET ITEM #13***  
***Text Amendment #2017-0002 - Bonus Density***

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<b>Issue:</b> Text Amendment to Article VII Section 7-700 of the Zoning Ordinance to increase the maximum bonus that can be achieved.	<b>Planning Commission Hearing:</b>	May 2, 2017
	<b>City Council Hearing:</b>	May 13, 2017
<b>Staff:</b> Karl Moritz, Director, <a href="mailto:karl.moritz@alexandriava.gov">karl.moritz@alexandriava.gov</a> Carrie Beach, Division Chief, <a href="mailto:carrie.beach@alexandriava.gov">carrie.beach@alexandriava.gov</a> Richard Lawrence, Planner III, <a href="mailto:richard.lawrence@alexandriava.gov">richard.lawrence@alexandriava.gov</a> Helen McIlvaine, Director, <a href="mailto:helen.mcilvaine@alexandriava.gov">helen.mcilvaine@alexandriava.gov</a> Eric Keeler, Deputy Director, <a href="mailto:eric.keeler@alexandriava.gov">eric.keeler@alexandriava.gov</a> Tamara Jovovic, Housing Planner, <a href="mailto:tamara.jovovic@alexandriava.gov">tamara.jovovic@alexandriava.gov</a> Joanna Anderson, Deputy City Attorney, <a href="mailto:joanna.anderson@alexandriava.gov">joanna.anderson@alexandriava.gov</a>		

**I. Issue**

Staff recommends **approval** of TA#2017-0002 to amend Section 7-700 to increase the bonus density limit from 20% to 30% to maximize the production of affordable housing in the city (Attachment 1). Pursuant to Section 7-700 additional bonus densities (above 30%) would continue to be permitted if authorized through the small area plan process.

Alexandria faces an acute shortage of affordable housing. The growing demand for affordable housing—caused by stagnant wages, rising rents (resulting in the loss of 15,000 market-affordable units since 2000), and a decline in federal and state housing funding to preserve existing affordable housing—poses potential challenges to the city’s livability, economic competitiveness, social service network, and transportation system. Increasing the bonus density cap will create additional opportunities for the development community to explore the use of the bonus density program and generate new affordable units at no financial cost to the city.

**II. Background**

Section 7-700 incentivizes the production of affordable housing by providing bonus density<sup>1</sup> of up to 20% and bonus height of up to 25 feet in exchange for affordable rental or for-sale units or an equivalent monetary contribution to the Housing Trust Fund (Attachment 2). The program has created 112 affordable units in market-rate projects between 2005 and 2016; market-rate developers have pledged an additional 135 units during this period. Non-profit developers have also utilized the program at the Station at Potomac Yard, Alexandria Crossing at Old Dominion, and Jackson Crossing as well as in the recently approved Carpenter’s Shelter redevelopment project (Table 1, Attachments 3 and 4).

*Table 1*

<b>Projects</b>	<b>Completed Units Attributed to Sec 7-700</b>	<b>Pledged Units Attributed to Sec 7-700</b>	<b>Total</b>
Market-rate	112	135	<b>247</b>

*Source: Office of Housing, 2017*

The program was amended in January 2014 at the recommendation of the Housing Master Plan to introduce flexibility and enhance its impact by allowing an applicant to receive additional density if authorized within the relevant small area plan. Using this provision, the 2015 Eisenhower West Small Area Plan permits bonus densities in excess of 20% to encourage the production of affordable units. Bonus densities of 30% are also being considered as part of the ongoing updates to the small area plans for Old Town North and North Potomac Yard.

**III. Discussion of Proposed Text Changes**

At the request of City Council in 2015, staff conducted an analysis of the potential impact of an overall increase in the standard bonus density limit from 20% to up to 30%. During

<sup>1</sup> Buildings using bonus density that are located in zones with a maximum height limit of 50 feet or less may not exceed this prescribed height.

this process, it sought feedback from the Alexandria Housing Affordability Advisory Committee (AHAAC) and NAIOP's Alexandria Government Relations Subcommittee, the City's sounding board for issues and ideas relevant to the development community, as well as from the Planning Commission as part of a staff update in July 2015 (Attachment 5). Staff reached the following preliminary conclusions:

1. The increase might produce modest benefits due to a range of constraints such as limits on height and floor area ratio (FAR); site-specific zoning requirements (regarding open space, parking, setbacks, etc.); the cost differential between construction techniques (e.g., stick-built versus concrete and steel); neighborhood compatibility concerns; and the lack of precise affordable housing requirements in Coordinated Development District (CDD) and rezoning applications.
2. There was a broad feeling that any potential compatibility issues associated with moving from 20% to 30% would be relatively minor and that the development review process is well-equipped to handle them. Projects that request additional bonus density would be subject to all requirements of the development review process, including the opportunity for public comment. The proposed increase in bonus density would also not impact Section 7-703(B) which applies to zones with a 50 foot or lower height maximum; any additional density pursued through Section 7-703(A) would continue to be subject to height restrictions as established by the Zoning Ordinance and relevant small area plans.
3. A non-financial tool that produces even incremental gains in affordable housing at no cost to the city ought to be considered.

Building on the 2015 analysis, staff continued its research consulting with local construction firms and again with NAIOP's Subcommittee throughout 2016. The Subcommittee unanimously agreed that an increase in bonus density should not be applied selectively to sections of the city, but should be available citywide consistent with the parameters of the city's six height districts to increase design flexibility and utility. Subcommittee members noted that limiting the bonus density increase geographically constricts developers' and architects' ability to craft creative design solutions and may inhibit the potential provision of additional affordable units. Staff concurred with this finding. Several new factors create opportunities for the development community to potentially pursue context-sensitive bonus density that could yield additional affordable housing at no financial cost to the city:

1. Innovative hybrid construction techniques (such as more efficient flooring and wall systems that forego the traditional use of floor joists and incorporate concrete shear walls<sup>2</sup>) now allow for additional height to be constructed more affordably than has typically been possible with steel or reinforced concrete;

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<sup>2</sup> The recently constructed 104-unit, nine-story Sparc apartment building in Bellevue, Washington uses a hybrid structural engineering system featuring concrete flooring laid on metal decking without joists and concrete shear walls to carry lateral seismic loads. The eight-story Cameron Apartments in Portland, Oregon also uses concrete shear walls in conjunction with Hambro flooring which provides a composite slab and steel joist system spanning from the corridor walls to the exterior.

2. Reduced multifamily parking requirements for both market-rate and affordable units decrease overall construction costs<sup>3</sup>; and
3. Housing trends continue to evolve, including a growing interest in smaller units, such as micro units.

In February 2017 staff briefed AHAAC on its findings and AHAAC unanimously voted to also endorse staff's proposal to amend Section 7-700 of the Zoning Ordinance to increase the bonus density limit from 20% to 30%.

On March 29, 2017, staff conducted an informational briefing and listening session with the Federation of Civic Associations. The discussion with the Federation members was positive with questions focused on whether projects that use bonus density mitigate transportation and other project-related issues; can exceed their height caps; and are able to pay for the costs associated with schooling school-aged children residing in affordable set-aside units. In response, staff clarified that projects using Section 7-700 are required to comply with all applicable zoning requirements, including transportation mitigation. Staff also reiterated that projects constructed in zones with a 50' or lower height cap would not be able to exceed their prescribed height while projects in other zones are allowed to increase their height by up to 25'. Staff also noted that projects that utilize Section 7-700 pay property taxes that contribute towards the Alexandria City Public School operating budget and capital improvement plans; the number of units created by bonus density is limited.

Following this listening session, staff held a citywide public meeting on April 5, 2017. Feedback was similarly supportive of the proposed amendment. Some community members noted the importance of deepening the level affordability of set-aside units (to incomes lower than 60% AMI) and of providing larger units (with three bedrooms). One participant expressed a perception of general concern regarding a lack of residential parking for residents and guests while a second inquired if unused bonus density could be transferred to another site. Staff noted that bonus density could not be transferred between sites.

#### **IV. Recommendation**

Staff recommends approval of the Text Amendment to amend Section 7-000 to increase the bonus density limit from 20% to 30% to maximize the production of affordable housing in the city.

Attachments:

1. Proposed Zoning Text Changes
2. 2016 Affordable Set-Aside Program Report
3. List of Projects that have Utilized Section 7-700
4. Map of Projects that have Utilized Section 7-700
5. July 2015 Bonus Density Briefing to Planning Commission

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<sup>3</sup> Structured parking can cost between \$25,000-\$50,000+ per space to construct depending on whether it is above or below grade.

**Attachment 1**

**PROPOSED TEXT CHANGES**

**Sec. 7-700 - Allowance for increases in floor area ratio, density and height and reductions in required off-street parking as incentive for provision of low- and moderate-income housing.**

7-701 - Definitions.

For the purposes of this section 7-700, low- and moderate-income housing units shall be determined in accordance with regulations which are issued by the city manager and approved by the city council and which reflect the following guidelines.

- (A) Low- and moderate-income rental units are rental units for which the combined cost of rent and utilities does not exceed 30 percent of the maximum income limits used by the United States Department of Housing and Urban Development for its section 8 and Housing Voucher programs, as adjusted for family size and corresponding number of bedrooms, and which are occupied by persons or households whose gross income does not exceed the limits applicable to the section 8 program.
- (B) Low- and moderate-income sales units are units with sales prices for which a person or household whose gross annual income is at or below the median income for the Washington, D.C., Metropolitan Statistical Area, adjusted for family size, could qualify using the lending criteria applied by the Virginia Housing Development Authority in its single-family mortgage assistance program and which are occupied by persons or households whose gross annual income is at or below such median income level.

7-702 - When increases and reductions may be allowed.

Increases in allowable floor area ratio, density and height and reductions in required off-street parking may be allowed for a building which contains one or more dwelling units or a project which includes one or more such buildings through a special use permit when:

- (A) The applicant for the special use permit commits to providing low and moderate income sales or rental housing units in conjunction with the building or project which is the subject of the permit application in compliance with the following:
  - 1. Number of units required: The number of units required shall be equivalent to at least one-third (1/3) of the increase achieved by the bonus approved under this section 7-700. Equivalency can be established with a different number of units if the size (square footage or number of bedrooms) of the units provided achieves an equivalent contribution as determined by the director of housing and approved with this SUP.
  - 2. Location of units: The units may be provided within the building or project which is the subject of the permit application, or with the consent of the applicant and the director of housing and the director of planning and zoning and approval of this special use permit, the units may be provided:
    - i. at an off-site location provided that:
      - 1. a specific plan for the off-site location is approved with this SUP;

2. the off-site location meets all zoning requirements to include the units;  
and
  3. the total contribution value of the off-site units is equivalent to the total contribution value of what would have been provided on site; or
- ii. by a cash contribution to the City of Alexandria Housing Trust Fund in an amount equivalent to the value of the units that would have been provided on-site, or
  - iii. A combination of i and ii above if the total contribution is equal to the value of the units that would have been provided on site.
- (B) The applicant for the special use permit agrees and provides sufficient assurance, by way of contract, deed or other recorded instrument acceptable to the city attorney, that the low-and/or moderate-income housing units to be provided will remain in these categories for the period of time specified in the special use permit.
- (C) City council determines that the building or project which is subject to the special use permit, with the increase in allowable floor area ratio, density and height and the reduction in required off-street parking, meets the standards for the issuance of a special use permit set forth in section 11-500.

7-703 - Limits on increases which may be allowed.

- (A) Floor area ratio and density may not be increased pursuant to this section 7-700 by more than ~~20~~**30** percent of the floor area ratio and density otherwise permitted by this ordinance, unless a greater percentage increase is specifically designated in a small area plan chapter of the Master Plan. The increase permitted under this section 7-700 is exclusive of any other floor area ratio and density increases allowable under any other section of this ordinance.
- (B) Height may not be increased pursuant to this section by more than 25 feet beyond the height otherwise permitted by this ordinance; provided, however, that no building located in any zone or height district where the maximum allowable height is 50 feet or less may be allowed to exceed such height limits.

(Ord. No. 4858, § 1, 2-22-14)

## THE CITY OF ALEXANDRIA'S

# AFFORDABLE SET-ASIDE PROGRAM

FROM THE 1990s TO TODAY

**360+**

the number of  
set-aside units  
completed

**220+**

the number of  
set-aside units  
pledged

Since 1995 the Affordable Set-Aside Program has expanded housing options in the City of Alexandria by working with developers to include affordable rental or ownership units in their projects.

Lower rent and mortgage payments allow Alexandrians to build personal savings and household wealth, invest in education, and afford critical services, such as healthcare and childcare. Set-aside units give Alexandria workers more time to spend with their families and on leisure activities by enabling

them to live closer to the jobs. Approximately, three quarters of those who work here commute from outside the City (2009-2013 ACS 5-Year Estimates).

Affordable housing is also critically important to the City's economy. Many businesses find that a lack of affordable housing makes it difficult to attract and retain employees and remain competitive in the regional marketplace.

## OAKVILLE TRIANGLE—WHERE JOBS, HOUSING, AND TRANSIT GO HAND- IN-HAND

Oakville Triangle is located along the Route 1 Corridor approximately a half mile from the planned Potomac Yard Metro Station and on the City's new bus rapid transit line. As part of a 2015 rezoning request, the developer agreed to provide 65 rental units serving households with incomes at or below 60% of AMI.

The unit composition within the development, with its emphasis on studio units, is designed to meet the needs of likely workers attracted to the emerging retail, hospitality, maker, office, and flex space businesses planned for the Oakville Triangle/Route 1 Corridor and its exceptional access to transit services.

The contribution reflects the Housing Master Plan's recommendation that developer contributions during rezoning applications take into account that affordable housing is one of the City's highest priorities.

**\$7.8m**—the  
value of the 65  
affordable rental units  
pledged within the  
Oakville Triangle site,  
\$2.8 million more than  
the standard housing  
contribution

## AT A GLANCE

**What are Set-Aside Units?** Set-aside units are affordable rental or ownership units, commonly in newly constructed apartment complexes and residential developments, that are pledged during the development approval process. Rents and sales prices are discounted to levels affordable to low- and moderate-income renters and buyers.

### **Who administers the Set-Aside Program?**

The Office of Housing administers and monitors implementation of the program.

**How affordable are Set-Asides?** Set-aside rental units are typically affordable to households earning up to 60% of the Area Median Income (AMI) while ownership units typically serve households earning up to 100% of AMI as defined by the U.S. Department of Housing and Urban Development. Potential renters and homebuyers must meet eligibility criteria established by the City, external lenders, and leasing agents.

### **When do projects include Set-Asides?**

Projects that use bonus density and/or height provide affordable set-aside units either on- or off-site. If acceptable to the City, projects may also elect to convert a voluntary monetary contribution to the City's Housing Trust Fund into set-aside units or incorporate affordable units during the rezoning process or within a Coordinated Development District (CDD).

**How long are Set-Asides affordable?** The term of affordability for rental set-aside units has steadily increased from 15 years in the 1990s to 40 years today. Ownership units now include deed restrictions which ensure that affordability terms are passed onto subsequent buyers through equity sharing provisions.

**Do Set-Asides look any different?** Set-aside units are indistinguishable from their market-rate counterparts.

**Where are Set-Asides located?** Check out the map on page 2! You can find set-aside units across the City in townhouse communities, condominium buildings, and apartment complexes.

### **Do other City programs support Set-Asides?**

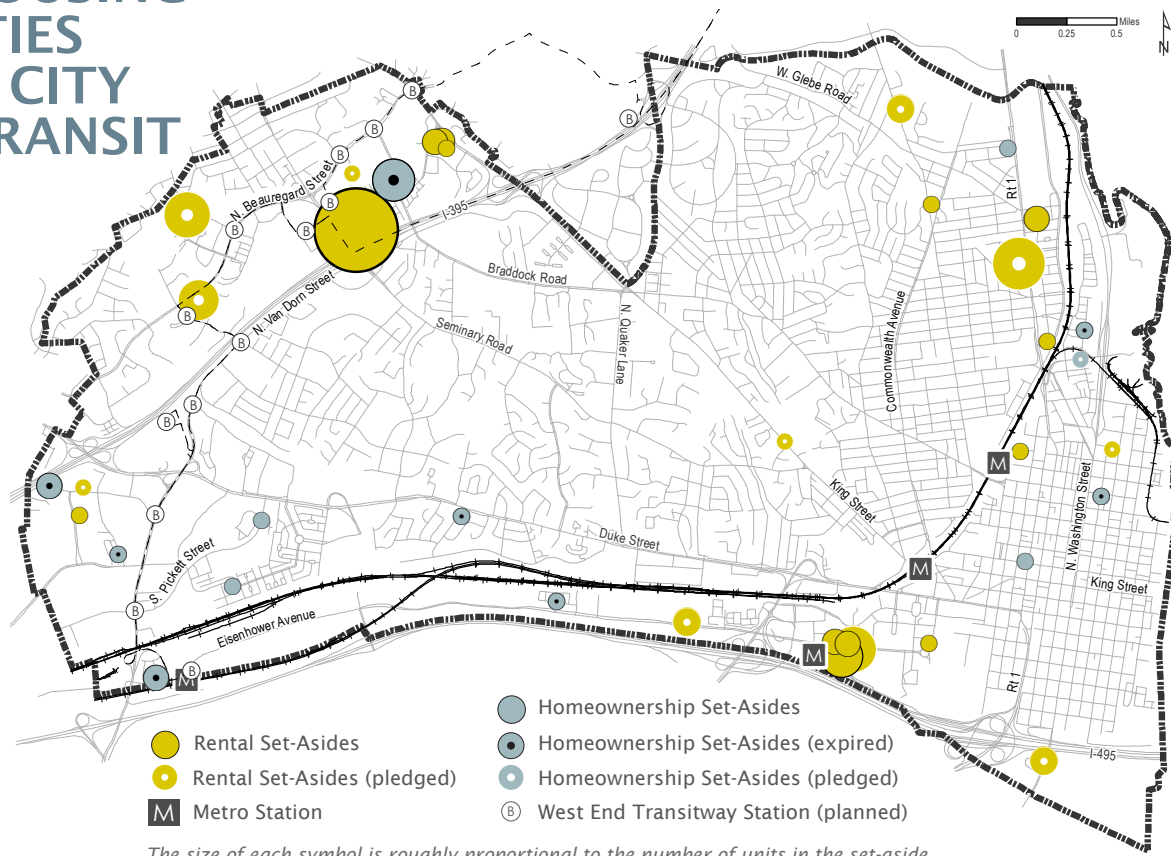
The City's Flexible Homeownership Assistance Program and its training and counseling services help purchasers of set-aside units prepare for the home buying process, as well as sustain homeownership. The Rental Accessibility Modification Program works with low-income renters with disabilities in set-aside, as well as market-rate, units to determine their accessibility needs and complete modifications to their homes at no cost.



# CREATING HOUSING OPPORTUNITIES ACROSS THE CITY AND NEAR TRANSIT

A number of factors influence the location of set-aside units, including the City's commitment to:

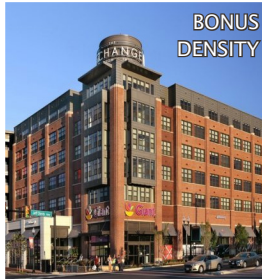
- foster mixed-income communities
- capitalize on opportunities in areas with development potential
- maximize units on sites with good access to retail, services, jobs, and transit (in particular our Metro stations and along the Route 1 Corridor Metroway and planned West End Transitway)



The size of each symbol is roughly proportional to the number of units in the set-aside program. Expired units are units whose terms of affordability have expired. Pledged units are affordable units developers have committed to providing in their projects.

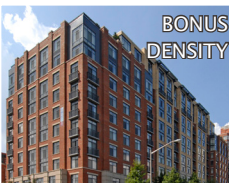


*"Access to transportation and services should be a key factor in the future distribution and allocation of affordable housing in the city", Housing Master Plan.*



### WHO LIVES IN OUR SET-ASIDES?

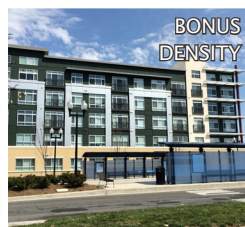
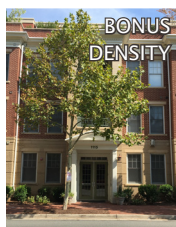
A SOCIAL SERVICES ADMINISTRATOR, COUNSELOR, BUSINESS DEVELOPMENT ASSISTANT, MEDIA ASSOCIATE, REGIONAL HEALTH SPECIALIST, TRAFFIC MANAGER, ACCOUNTING ASSISTANT, CITY EMPLOYEE, CUSTOMER SERVICE AGENT, PERSONAL ASSISTANT, ASSISTANT PROPERTY MANAGER, ACTOR, SERVER, FRONT DESK ATTENDANT, SOFTWARE SPECIALIST, LEASING CONSULTANT, STUDENT, GYMNASTICS COACH, HAIR STYLIST, BRANCH MANAGER, MANAGEMENT ASSISTANT, MEDICAL OFFICE ASSISTANT, LEGAL CASE MANAGER, SELF EMPLOYED WORKER, POLICE OFFICER, RETIREE.



**COMPLETED**



*"Mixed-income communities are the optimal way of maintaining social and cultural diversity", Housing Master Plan.*





## PROJECT PROFILES—

### *The Alexander*

The Alexander, a 275-unit apartment property on King Street (with its sister building, Northampton Place), was the first development in Alexandria to incorporate affordable rental set-aside units. The 12 units affordable to households earning up to 60% of the area median income were leased starting in 2007 with a 15-year term of affordability. Maintaining affordability in similar units following the expiration of negotiated conditions remains a challenge for the City.

### *The Preston*

Located at the corner of East Reed and Jefferson Davis Highway, the six set-aside units at The Preston were the first affordable homeownership units generated through the bonus height provisions of the Zoning Ordinance (see program description on the right). Each of the units was made affordable to households earning up to 100% of the area median income and was accompanied by downpayment and closing cost assistance from the City as needed. Several of the set-aside units have been resold following the City's equity sharing provisions to subsequent moderate-income buyers (also see back page).

### *Alexandria Crossing at Old Dominion*

As a vibrant mixed-income community in Arlandria, Alexandria Crossing at Old Dominion is home to 36 replacement public housing units, 10 workforce affordable condominium units, and 8 market-rate townhome homeownership units. One of the workforce units is owned by the Alexandria Housing Development Corporation and leased to an Alexandria City police officer. The community was developed through a collaboration among the Alexandria Redevelopment Housing Authority, a private developer, and the City.

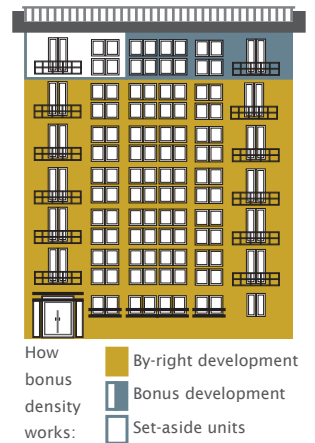
### *Goodwin House & Memory Care*

Goodwin House provides a range of housing and continuing care options for seniors at its Alexandria campus. As part of its second phase of redevelopment, Goodwin House has committed to providing entrance fee and/or monthly-fee subsidies through its Foundation to benefit at least six new low- or moderate-income residents.

The proposed 66-bed Memory Care facility at 2811 King Street will be providing a 40% discount on two beds for the life of the facility. The importance of increasing the City's supply of affordable assisted units is highlighted in the Housing Master Plan, Strategic Plan on Aging, and the Consolidated Plan.

## BONUS DENSITY PROGRAM

As construction costs have continued to climb, so has the price tag for increasing the region's affordable housing stock. One common approach to offsetting the cost of incorporating affordable units within a market-rate project is to provide a developer with bonus density or height. Section 7-700 of the Zoning Ordinance (commonly referred to as the bonus density program) does just that. It grants bonus density of up to 20% and/or bonus height of up to 25 feet. In exchange, a minimum of one third of the units generated through the bonus must be affordable.

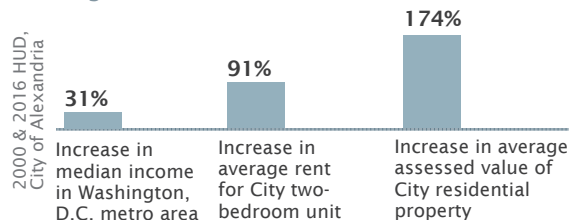


**224**—the number of set-aside units constructed or pledged through the bonus density/height program since 2002 (see facing page for projects)

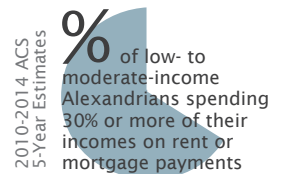
Amendments in 2014 introduced additional flexibility to maximize community benefits. Units of equivalent value may now be provided off-site or converted to a cash contribution to the City's Housing Trust Fund in consultation with the Office of Housing. If authorized by the approved small area plan, the density bonus can exceed 20% as was approved in the 2015 Eisenhower West Small Area Plan.

## THE FACTS

### Disparities continue to grow between wages and housing costs (2000-2016)



### Housing costs dominate household budgets





**JUST IN!** Cambria Square, a new 48-unit townhome development on South Pickett Street, includes 4 three-bedroom set-aside homeownership units. In addition to the units, the developer is contributing \$200,000 for downpayment and closing cost assistance to potential homebuyers earning as low as 70% of the area median income. The 2016 project presents a rare opportunity to add family-sized units to the City's stock of affordable sales units and to replenish some of the City's first generation of set-aside homes.

## AFFORDABLE HOUSING OPTIONS FOR BEAUREGARD RESIDENTS

The Beauregard Area is home to a large portion of Alexandria's market affordable housing stock. In 2012 the City developed a comprehensive housing strategy as part of the Beauregard Small Area Plan process to mitigate the potential displacement of hundreds of households as the area redeveloped over time. Working with the developer, the City committed to helping to create or preserve approximately 800 rental units affordable to households with incomes between 40% and 75% of the area median income (AMI).

In accordance with the CDD to redevelop a portion of Southern Towers' property in 2013, the owners proposed a housing plan to provide 105 set-aside rental units with affordability ranging from 55% to 60% of AMI for 10 years at no cost to the City. The Office of Housing's Relocation Coordinator started to place tenants on the Beauregard waitlist in Southern Tower units in the Summer of 2016.

## POLICY CHANGES

Program parameters and policies change as market conditions and best practices evolve. Since the inception of the program, several changes have expanded the impact of the Set-Aside Program:

- The typical term of affordability of set-aside units has more than doubled from 15 in the late 1990s to 40 years today.
- Equity sharing, introduced in 1999 and enforced through deeds of covenant, has helped preserve the long-term affordability of homeownership set-aside units whose buyers have received City home purchase assistance.
- The Housing Master Plan established preference for set-aside affordable units over monetary contributions within transit-oriented developments.
- Family-sized units, including greatly needed three bedrooms, have been negotiated with developers.

In addition, parking reductions for affordable projects were approved in 2015 and are anticipated to begin offsetting project costs to incentivize production of more set-aside units.



## LOOKING FORWARD

The City anticipates that the demand for affordable set-aside units will accelerate and evolve as the inventory of market affordable units contracts, committed affordable units face expiring affordability terms, consumer preferences change, and job growth occurs in lower-wage business sectors. Tackling these challenges will require a commitment to:

- pursuing opportunities in areas with the greatest potential for mixed-use development and access to multimodal transit
- exploring strategies to deepen levels of affordability
- ensuring the types and sizes of new set-aside units match demand and consumer needs

### City of Alexandria

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[www.alexandriava.gov/Housing](http://www.alexandriava.gov/Housing)



September 2016

Text Amendment #2017-0002  
Amendment to Sec. 7-700

**Attachment 3**

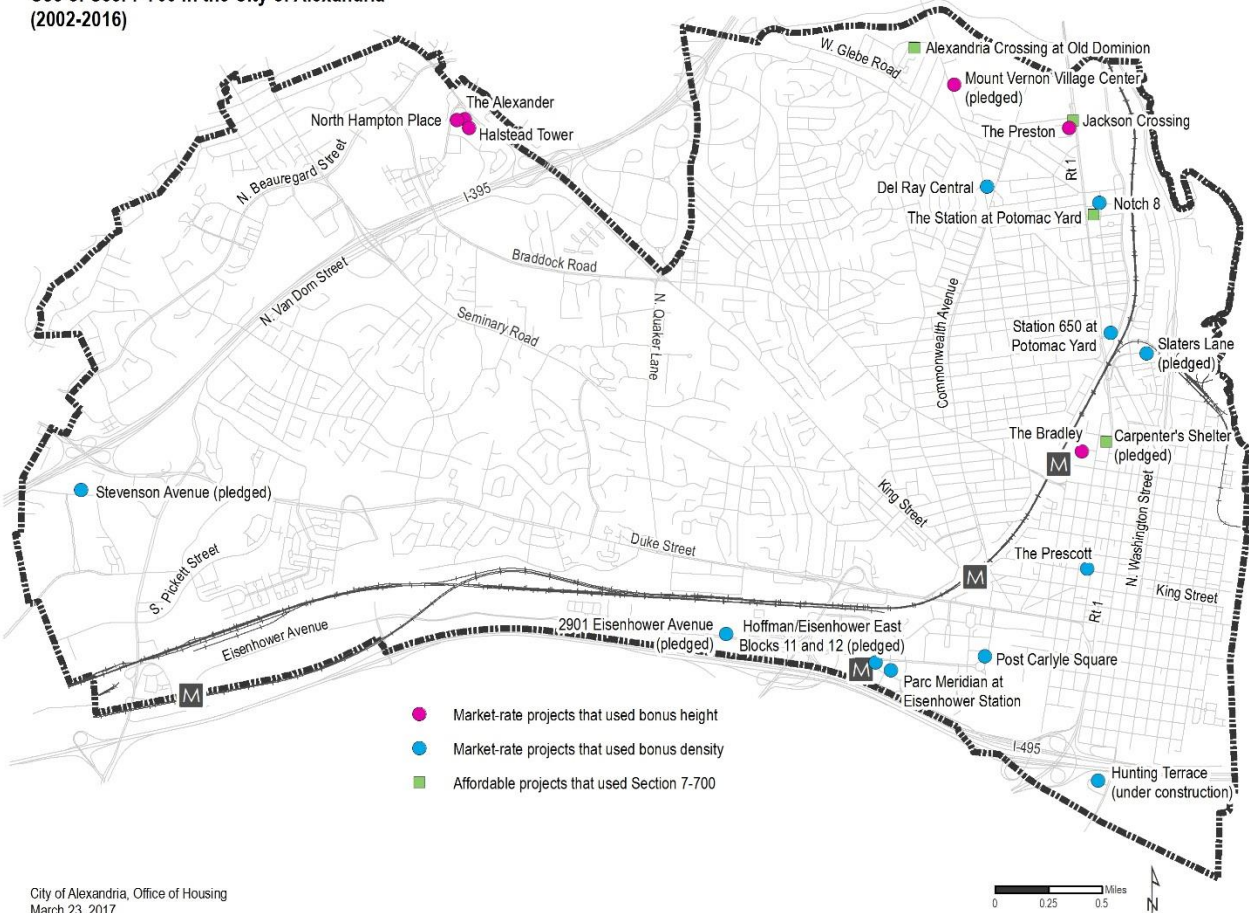
<b>Market-Rate Housing Projects</b>	<b>Bonus Density</b>	<b>Bonus Height</b>	<b>Set-Aside Affordable Units Attributed to Sec. 7-700<sup>4</sup></b>	<b>FY Pledged</b>	<b>FY Completed</b>
North Hampton Place	N	Y	11	2002	2005
The Alexander	N	Y	12	2002	2007
The Preston	N	Y	3	2002	2005
Halstead Tower (Park Center)	N	Y	7	2004	2008
The Prescott	Y	N	3	2005	2008
Parc Meridian at Eisenhower Station	Y	N	33	2006/2013	2016
Del Ray Central (Mt Vernon Commons)	Y	N	9	2007	2010
Stevenson Avenue	Y	N	9	2009	n/a
Post Carlyle Square (Carlyle Block O)	Y	N	6	2010	2012
Hoffman/Eisenhower East Blocks 11 and 12	Y	N	56	2010	n/a
Mount Vernon Village Center	N	Y	23	2012	n/a
The Bradley	N	Y	8	2012	2015
Station 650 at Potomac Yard	Y	N	8	2013	2015
Notch 8	Y	N	12	2013	2015
Slater's Lane	Y	N	2	2014	n/a
Hunting Terrace	Y	N	24	2014	n/a
2901 Eisenhower Avenue project	Y	N	21	2016	n/a

<b>Affordable Housing Projects that Utilized Sec. 7-700</b>	<b>Bonus Density</b>	<b>Bonus Height</b>	<b>Number of Affordable Units</b>	<b>FY Pledged</b>	<b>FY Completed</b>
The Station at Potomac Yard	Y	N	64	2007	2009
Alexandria Crossing at Old Dominion	Y	N	36	2008	2010/11
Jackson Crossing	Y	N	78	2014	2016
Carpenter's Shelter	Y	N	97	2017	n/a

<sup>4</sup> Additional set-asides are provided in some projects in lieu of monetary contributions to the Housing Trust Fund

Attachment 4

Use of Sec. 7-700 in the City of Alexandria  
 (2002-2016)



City of Alexandria, Office of Housing  
 March 23, 2017

# Bonus Density Analysis

Planning Commission

July 7, 2015



# Information and Guidance

- Present preliminary results of research and analysis
- Discussion of potential benefits and challenges, issues to consider
- Guidance from Planning Commission
  - Additional analysis + stakeholder outreach
  - Work program



# Process to Date

- Research and analysis – Fall/Winter 2014
- Presentation to AHAAC – April 2015
- Presentation to NAIOP – May 2015
- **PC Informational – July 2015**
- Follow-up NAIOP – TBD Summer 2015
- Issue Report online - Summer 2015



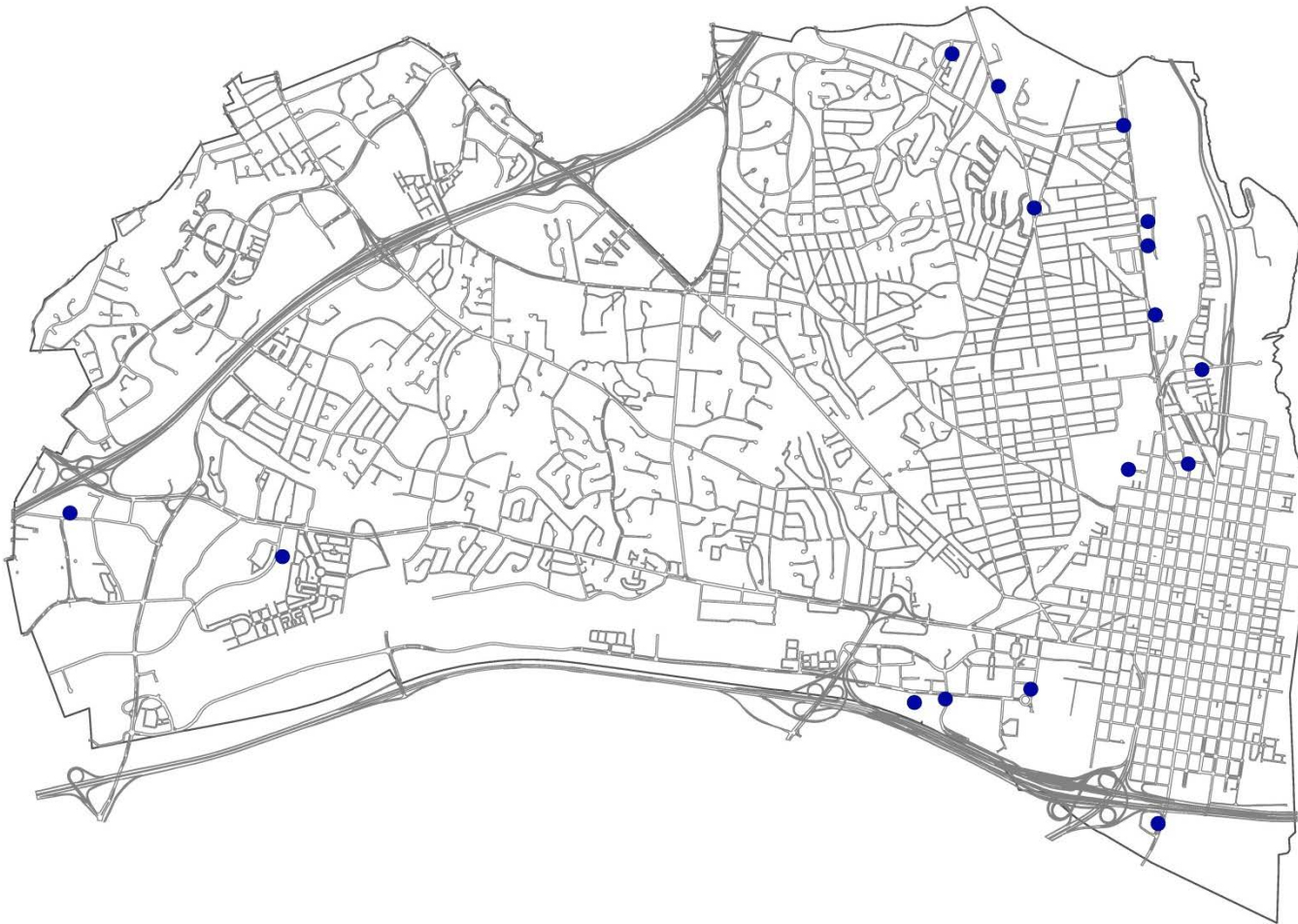
# Analysis Methodology

- Zoning Analysis
  - FAR
  - Height Maximums
  - Height Districts
- Historic Research
- Market Realities
  - Construction Types/Cost
  - Associated Risk
  - Parking





# Section 7-700 Projects



Map 1: Projects that Utilized Section 7-700 (2006-2014)

# FAR Zoning Analysis

	Zone	FAR	FAR w SUP	Max height	with an SUP	Notes
<b>Townhouse / Multi-family Residential Zones</b>	RA	0.75		45'		
	RB	0.75		45'		
	RCX	1.25		50'		
	RC	1.25		150'		
	RD	N/A		150'		No maximum FAR applies
	RM	1.5		35' - 45'		
	RS	0.75		35'		
	RT	0.5		35'		
<b>Commercial Zones</b>	CL	0.75		35'	45'	
	CC	0.75		35'	45'	
	CSL	0.75		50'		
	CG	0.75		50'		
	CD (MF)	1.25		50'		
	CD (TH)	1.5		35' - 45'		
	CD-X	1.25	2.0	50'		
<b>Office Commercial Zones</b>	OC	1.25		50'		
	OCM(50)	1.5		50'	77'	
	OCM(100)	1.5		100'	150'	
	OCH	1.25	2.0- 3.0*	100'	150'	If located within 1000 ft of Metro may develop to 2.0; *3.0 with an SUP
<b>Commercial Residential Mixed-Use Zones</b>	CRMU-L	1.0	1.5	SAP		
	CRMU-M	1.0	2.0	SAP		
	CRMU-H	1.25	2.5	SAP		
	CRMU-X	1.5	2.5	SAP		1.5 for townhouse use only. Multifamily will require a SUP and can use 2.5 FAR



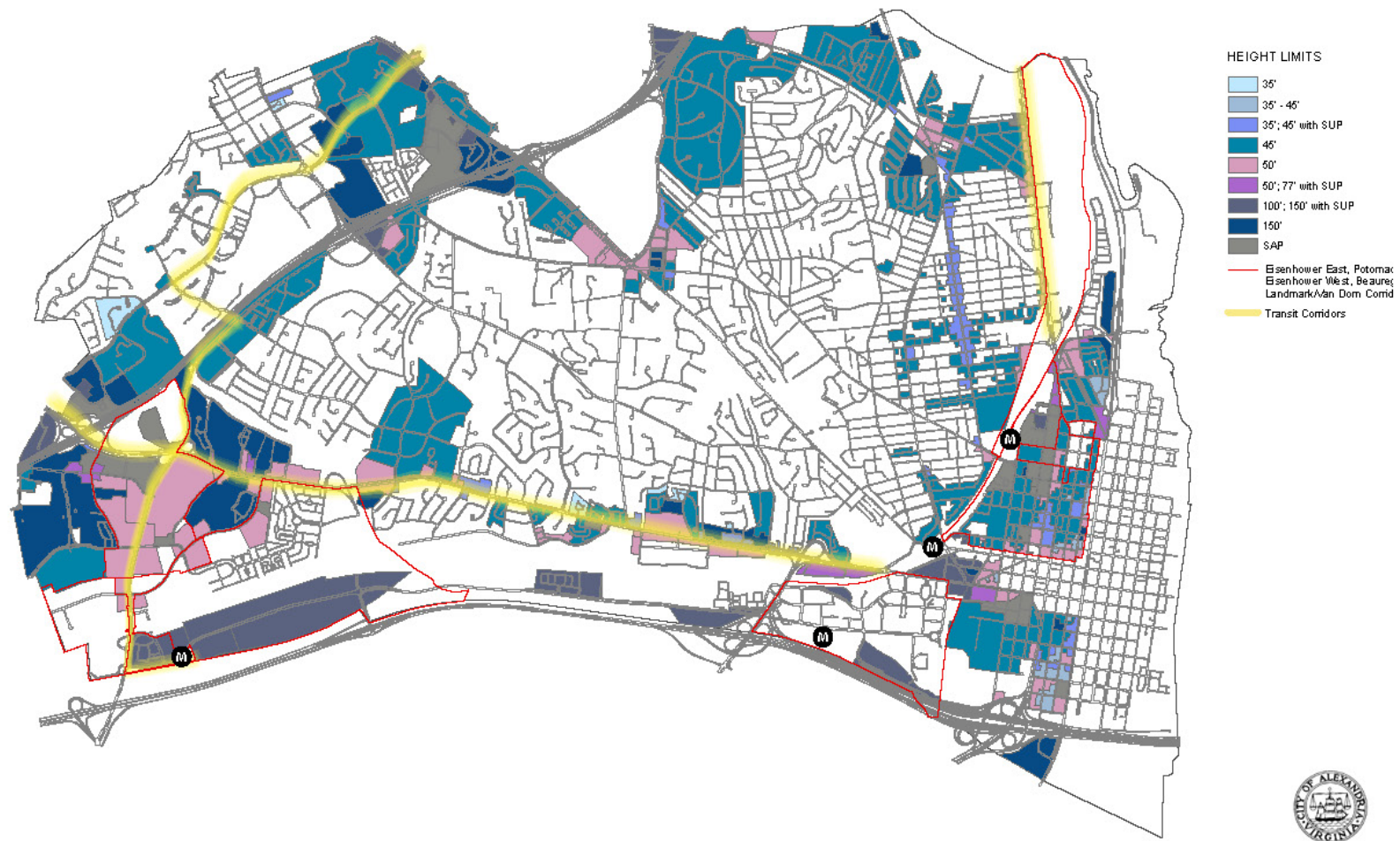
# Zoning Analysis Study Areas - FAR



Map 3.1: Floor Area Ratio Maximum per Zone and Growth Areas



# Zoning Analysis Study Areas Height Maximums



Map 4.1: Height Limits Per Zone and Growth Areas



# Existing Opportunity Areas



Map 6: Opportunity Areas with Heights Greater than 77'



# Case Study Areas



# Case Study Areas

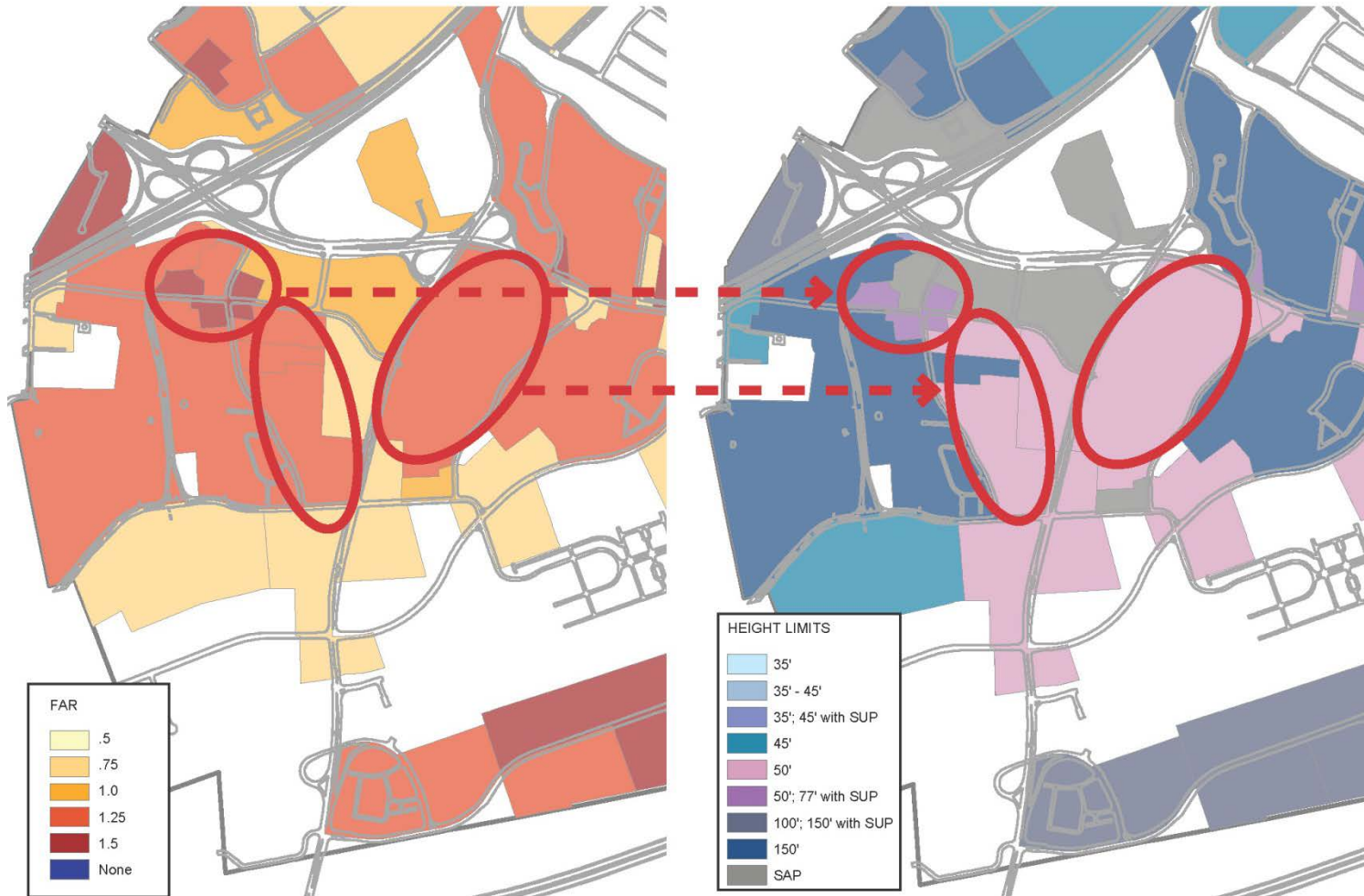


Under existing zoning, building height maximums range between 35' and 50' and may limit properties from achieving the additional density through 7-700 provisions. However, opportunities exist in this area where a potential density increase may be feasible given the following:

- Properties are located in a designated growth area of the city;
- Properties are located along a major arterial road and planned Transitway

These may be arguments for increased height and higher density. Challenges to increasing height in this area will be neighborhood compatibility with surrounding residential communities.

# Case Study Areas



There are potential sites in the West End where a potential increase may be feasible however, associated building heights 50' would not allow properties to achieve the additional density under 7-700 provisions. Also, some of these areas were designated in the Landmark/Van Dorn Corridor Plan as market rate affordable units that should be preserved.



# Case Study Areas



Opportunities along Duke Street where a potential increase may be feasible however, associated building heights (50' and up to 77' with SUP) may limit properties from achieving additional density through 7-700 provisions.

# Summary of Findings

- Allowing up to 30% increase produces limited benefits citywide to the provision of affordable housing.
- Feasible for projects in areas with height limits greater than 50'-77' and FAR 2.5 and above.
- Setbacks, open space, and other zoning requirements are also potential constraints.



# Summary of Findings

- Utilization is site specific (based on zoning, lot size/dimensions, etc.).
- Project assumptions (project type, construction type, parking) determine if usage is cost-beneficial to developers.
- Heights can be studied as part of comprehensive small area planning processes – e.g., Old Town North.



# Feedback to date

- Explore utilizing TDRs to increase height where appropriate. (AHAAC)
- Explore greater heights especially around Metro locations. (AHAAC)
- In DSUP process, provision of affordable housing through use of bonus density should be considered first (before rezoning or CDD) and resolution addressed in staff report (AHAAC).
- Remove general FAR/height parameters where affordable housing is provided. (NAIOP)



# Feedback to date

- Possibly shift density within Small Area Plans, CDDs, or where multiple properties have a sole owner to incentivize affordable housing where needed. (NAIOP)
- Explore the proportion required (1/3) to be dedicated as affordable. (NAIOP)
- Allow wrapped/structured parking when affordable housing is provided. (NAIOP)
- Potentially streamline review process for projects with affordable housing. (NAIOP)
- Possibly expand affordable housing to include workforce housing. (NAIOP)



# Issues/Options to Consider

- Permit the increase to up to 30% where appropriate.
- Re-examine height districts where inconsistent with zoning.
- Ensure neighborhood compatibility.
- Combined incentive of new lower parking ratios recently approved.
- Small Area Plan implementation – plan-wide benefits



# Next Steps

- NAIOP Follow Up Meeting – Summer TBD
- Issue Report Online - Summer



CITY OF ALEXANDRIA



# Affordable Housing Bonus Density Analysis

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DRAFT

Department of Planning & Zoning  
Office of Housing

April 2015



## EXECUTIVE SUMMARY

With the loss of more than 10,000 units of market affordable housing stock from 2000-2010 due to escalating rents, the recently adopted Housing Master Plan identified potential non-financial tools and strategies to meet new affordable housing targets including revisions to Section 7-700 of the Zoning Ordinance to enhance opportunities for additional bonus density. In January 2013, revisions were incorporated into the Ordinance including allowing greater than 20% bonus density where specifically designated in future Small Area Plans and providing additional flexibility regarding the size and location of units produced via bonus density to meet identified housing needs pursuant to recommendations of the Housing Master Plan.

The bonus density analysis explores the effectiveness of a potential increase in the standard bonus density limit from 20% to up to 30% under Section 7-700 of the Zoning Ordinance. The purpose of the analysis is to determine if approving a higher density bonus might incentivize and maximize the production and provision of affordable housing through the use of zoning tools rather than financial investment from the City. Using historic information of the use of Section 7-700, a review of zoning parameters, and identifying development and project constraints, the analysis indicates the following:

- An overall increase in the bonus density allowance from 20% to 30% would produce limited benefits to the provision of affordable housing citywide. Staff does not find any negative implications to increasing the bonus density allowance for the areas where up to a 30% increase may be feasible.
- Opportunities are possible in areas where heights limits greater than 50'-77' exist however, low site FAR<sup>1</sup> in some of these locations would inadvertently begin to make determinations about the building/construction type therefore limiting the amount of units gained from added density. The effectiveness of an increase from 20% to up to 30% would be limited to certain areas with greater height limits including: Carlyle/Eisenhower East, Eisenhower West, selected sites in Arlandria, and Old Town North.
- In the limited areas where heights are not problematic, opportunities may exist in areas or for projects greater than 2.5 FAR; however, considering increased costs derived from parking requirements could also be an impediment. Base project costs, including project scale, building construction type, project financing, and parking, ultimately determine if Section 7-700 provisions will be utilized by developers.
- Zoning requirements such as setback and yard requirements, open space, parking, and height limits create obstacles that would limit success of a citywide bonus density increase. If an overall bonus density increase were proposed, impacts to height maximums would need to be further studied and addressed, particularly in areas with height limits of 50 feet or less.
- For mixed-use developments, a modest ten percent increase in the bonus density provision, will likely not provide enough incentive to offset the additional project costs that can result from the higher density.
- Although more than half of the Section 7-700 cases approved in the City occurred within CDD zones, incentive to provide required affordable housing via Section 7-700

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<sup>1</sup>Floor area ratio is based on the total area of building(s), divided by the area of the land or parcel(s).

provisions may be forlorn if additional density may be obtained via CDDs and/or rezonings, which currently do not require the provision of affordable housing.

Increasing the density bonus allowance from 20% to up to 30% would achieve limited success given the zoning constraints of many areas of the City however; in certain areas the increase may be feasible. Allowing a density increase only in certain areas could achieve an increase in the provision of affordable units. Areas approved for higher building heights such as Carlyle and Potomac Yard provided opportunities to utilize the bonus density increase. There are potential opportunities along Duke Street and areas in the West End that are metro-proximate or located along planned Transitways however, these currently have height maximums up to 50 feet. While these locations may be suitable places to explore increases to heights, any proposed height increase would need to be further studied. A heights study would require staff resources to target areas where additional height would be appropriate, analyze impacts to surrounding areas, identify changes in the Zoning Ordinance, and provide recommendations based on those findings.

### **Key Findings:**

Staff explored the effectiveness of an increase from 20% to up to 30%, reviewing zones between .5 and 1.5 FAR to find opportunities, if any, where increased density may be realized. This range was determined to be appropriate as the construction type associated with developments in this range, typically wood construction, max out between a 2-2.5 FAR. Once projects reach or exceed the 2-2.5 range, the construction type typically transitions from wood to either wood over concrete or variations of concrete/steel construction – at higher costs to developers.

Between FY2006 and FY2014, 16<sup>2</sup> cases approved by Council utilized Section 7-700 provisions (see Attachment 1: *Bonus Density Analysis, Map 1/Table 1*). This comprises about 9% of all development projects approved resulting in the provision of 560 dedicated affordable housing units. The majority of requests (14 out of 16) were for increase in FAR or density (dwelling units per acre), and almost all of the requests sought the maximum 20% increase. More than half of the Section 7-700 cases approved were within CDD zones. CRMU, RC, and RA zones were other zones where Section 7-700 increases were approved. Projects were approved for FAR/density increases or additional height, not both. While it may be possible to request FAR and height increases with a project, a combination of the requests will likely exceed the limitations for FAR and density pursuant to Section 7-703(A) of the Zoning Ordinance. A detailed analysis of these findings can be found in Attachment 1: *Bonus Density Analysis, Table 1*.

Height limits create a major constraint to an overall bonus density increase. Areas with height limits of 50' or less are restricted from exceeding those limits per Section 7-703(B) of the Zoning Ordinance. A citywide bonus density FAR increase from 20% to 30%, calculated solely on FAR does not factor in other zoning considerations that will impact a development footprint such as setback requirements, open spaces, height limitations, and parking requirements.

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<sup>2</sup> While 16 cases were approved, *Attachment 1: Bonus Density Analysis, Table 1* details 17 cases. DSUP#2006-0030 and DSUP#2006-0031, Glebe Park and Old Dominion East, respectively was a joint approval of an ARHA/EYA multi-site redevelopment.

In addition to the zoning constraints outlined above, building construction type (wood, wood over concrete podium, or concrete/steel) and other project costs will also be significant factors in whether developers would take advantage of additional bonus density. While the building type is a major consideration, other project variables impact the bottom line such as parking requirements, ownership type of the development (rental vs. ownership), the size and scope of the project and a critical mass of units to be developed, and project financing. The Parking Standards for New Development Study, currently underway, will propose revised parking ratios for affordable units. Among the options under consideration is a tiered reduction credit based on the unit's affordability level. Reduced parking requirements for bonus density affordable units could potentially provide a more effective incentive to build additional affordable units.

## **Bonus Density Analysis**

### **Background**

With the loss of more than 10,000 units of market affordable housing stock from 2000-2010 due to escalating rents, the recently adopted Housing Master Plan identified potential non-financial tools and strategies to meet new affordable housing targets, including the City Council-directed goal of 2,000 committed affordable units preserved, produced or rehabilitated by 2025. Among other things, the Plan proposed that in a constrained budget environment, Alexandria may be able to take advantage of its strong real estate market and development interest by using zoning/density tools to secure a significant number of affordable units. Such policies could also benefit ARHA's upcoming public-private redevelopment of a large portion of its housing portfolio, increasing the potential yield of new affordable units in excess of the City's 1:1 replacement goals and creating a greater mix of affordability within each redevelopment site.

In accordance with the Housing Master Plan's recommendations, in January 2013, Section 7-700 of the Zoning Ordinance was revised to enhance opportunities for additional bonus density, including allowing greater than 20% bonus density where specifically designated in future Small Area Plans and providing additional flexibility regarding the size and location of units produced via bonus density to meet identified housing needs in accordance with recommendations of the Housing Master Plan. To date no Small Area Plans have specifically designated a greater than 20% bonus density, although two recent Plans reference potential increases.

The North Potomac Yard Plan states that additional bonus density, beyond what is contemplated in the Plan, should be considered as a tool to potentially create future replacement public housing when ARHA redevelops its portfolio. The Beauregard Plan provides that, "if additional development, beyond what is proposed in the Plan be approved in the future as "bonus density"...it would be subject to the provision of affordable housing in conformance with the City's bonus density policy in effect at the time of approval." The more flexible approach of these Plans regarding bonus density seem to anticipate that increases beyond 20% should be considered as a vehicle to secure more affordable housing.

During discussion of the proposed changes, City Council asked staff to explore the possibility of expanding the authority in Section 7-700 to increase the maximum bonus density available from 20%, up to 30%. In response, the Planning Director proposed an analysis be done to identify the potential effectiveness and impact of allowing additional density. The findings and preliminary recommendations of the analysis are provided below.

### **Study scope**

The analysis explored the impacts and effectiveness of a potential increase in the standard bonus density limit from 20% to 30% under Section 7-700 of the Zoning Ordinance. The purpose of the analysis was to determine if approving a higher density bonus might incentivize and maximize the production and provision of affordable housing through the use of zoning tools rather than financial investment from the City. The analysis identified and explored three elements:

- Historic use of Section 7-700;

- Zoning parameters; and
- Cost differentials of construction types.

For the purposes of this analysis, staff reviewed zones with FAR<sup>3</sup> limits between .5 and 1.5 to find any opportunities where increased density might be realized. This range was determined appropriate as the wood construction type associated with developments of that scale reaches the maximum total potential density volume possible between a 2-2.5 FAR. Once projects reach or exceed the 2-2.5 range, the construction type transitions from wood to either wood over concrete or variations of concrete and steel construction – at higher costs to developers.

## Findings

### *Historic use of Section 7-700*

Between FY2006 and FY2014, Alexandria City Council approved 16 projects that have utilized Section 7-700 to request additional density (units per acre), FAR, building height, and a parking reduction for the provision of affordable housing (*Map 1: Projects that Utilized Section 7-700*). This represents about 9% of the development cases approved during that period, and the creation of 560 dedicated affordable housing units, including three projects partially funded with City investment. City funded projects included Station at Potomac Yard, Jackson Crossing, and James Bland, see *Table 1: Projects that Utilized Bonus Density, 2006-2014*.

A majority of the requests (14 out of the 16 cases) were for increases in FAR or density (units per acre).<sup>4</sup> In almost all of these requests, the maximum 20% was requested and the additional density gained was used to maximize the building envelope for the construction type associated with the development.

There were two requests for increased height. While both projects met the FAR requirements per zoning, the height limits (either in the Zoning Ordinance or corresponding Small Area Plan) limited the projects from maximizing the FAR permitted on site. The bonus density height increase allowed the developers to fully maximize the allowed site FAR and as a result affordable units were provided.

Looking at the difference in FAR between permitted zoning and that achieved through the bonus density increase, as well as the corresponding zones, the majority of cases fell within the range identified in this analysis ( between .5 - 1.5 FAR), indicating this is an appropriate FAR range to review for potential opportunities. The analysis found that more than half of the cases that utilized Section 7-700 were within designated CDD zones. Projects were also located in CRMU, RC, and RA zones, and one project was in the OCM (50) zone. Projects less than 77 feet (primarily residential) were typically wood construction or wood over a concrete podium construction (mixed-use residential). Projects exceeding 77 feet were all concrete/steel construction. The historical data did not indicate a trend in terms of construction type. There was a balanced distribution between wood, wood over podium, and concrete/steel construction types.

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<sup>3</sup>Floor area ratio is based on the total area of building(s), divided by the area of the land or parcel(s).

<sup>4</sup>FAR was calculated on the net square footage of each project, with the exception of Hoffman 11&12 and ATA Lane.

## Zoning

Floor area ratio is based on the total area of building(s), divided by the area of the land or parcel(s). While FAR calculations utilize site area as a base factor, site dimension and site configuration as well as other zoning requirements such as setbacks, open space, and height also frame the development footprint of a building(s). A building located on a large site with a 1.5 FAR may look considerably different from a building on a narrow site with the same FAR due to these zoning constraints (setbacks, open space, height). In theory, a 20% bonus increase would allow the building to develop to 1.8 FAR, and a 30% bonus increase would allow the building to develop to 1.95 FAR. However, if the building is located on a narrow site with zoning constraints that force the project to develop more vertically before any bonus increases have been applied, additional density may cause buildings to exceed the allowable heights in the zone or affect the construction type of the building. Therefore, increasing FAR from 20% to 30%, calculated solely on FAR, does not address other zoning considerations that will impact a development.

Staff also reviewed zones with FAR limits between .5 and 1.5 to evaluate how a density increase, and potential change in construction type, might impact the return on investment to developers. Based on these criteria, the following zones were reviewed:

- Townhouse/Multi-family Residential: RA, RB, RCX, RC, RD, RM, RS, RT
- Commercial: CL, CC, CSL, CG, CD, CDX
- Office Commercial: OC, OCM(50), OCM(100), OCH
- Commercial/Residential Mixed Use: CRMU-L, CRMU-M, CRMU-H, CRMU-X

With the exception of the RC, RD, OCM(100), OCH, and the Mixed Use zones, the zones that meet the FAR criteria have a prescribed height limit between 35 and 50 feet (with limited opportunities for additional height via a Special Use Permit). These height limits pose an overall constraint on projects that would seek additional density. For a summary table of aforementioned zones see *Table 2: FAR and Height Zoning Analysis, .5 – 1.5 FAR*.

In addition to FAR limitations that may limit an increase from 20% to 30%, the associated height limits per the zones and the citywide height districts substantially increase the likelihood that even if a site could utilize a 30% density bonus and yield a financially feasible project, the height limits still would restrict the project. While Section 7-700 does allow for “increases in FAR, density and height, and reductions in required off-street parking” for the provision of affordable housing, historically, the City has not approved a project with a bonus density height and a FAR request. Projects have requested one or the other, not both. Section 7-700 is written in a way that it may be feasible to request both an FAR and height increase. However, a combination of the two requests will likely exceed the limitations for FAR and density per Section 7-703. That is, if a project requests and utilizes the full bonus density of 20% (or 30%) and also requests additional height, the additional height would produce an additional amount density that would exceed the limits on increases pursuant to Section 7-703(A), which states:

*“ FAR and density may not be increased pursuant to this section 7-700 by more than 20 percent of the FAR and density otherwise permitted by this ordinance, unless a greater percentage increase is specifically designated in a SAP chapter of the Master Plan.”*

Looking at areas outside of Old Town and the Historic Districts, many of the residential zones on the West End have height limits restricted to 50 feet or less. The height limitations would limit the opportunity for projects to utilize height increases due to Section 7-703(B) which states “...that no building located in any zone or height district where the maximum allowable height is 50 feet or less may be allowed to exceed such height limits.” Properties along South Van Dorn Street and along Pickett Street, while identified to redevelop as part of the Landmark/Van Dorn Corridor Plan, under existing zoning are limited for bonus density increases due to height constraints. In addition, some of these sites were targeted in the Landmark/Van Dorn Corridor Plan area as sites for market-rate affordable units.

The Plan does not encourage the redevelopment of the existing affordable housing and proposes no change to the existing zoning or land use designation of these sites. These sites were included within the boundaries of the Plan to ensure that the area is comprehensively planned; identifying these sites as targets for preservation as other areas of the plan redevelops. However, in recent years, properties like the Encore, which previously provided market rate affordable units, were renovated and repositioned from Class C to amenity-rich properties. In addition to upgraded units with more luxurious interiors and finishes, the Encore provides amenities like a fitness center, in-unit washers and dryers, a pool and clubhouse area as well as a shuttle to metro. Correspondingly, rents increased from \$895 to \$1535 (1BR apartments in 2011); an essential loss of market affordable housing. Additionally properties like EOS-21 at Duke and Van Dorn was acquired in 2012 with a similar repositioning strategy anticipated. Due to market conditions, a substantial renovation has not yet occurred, however, when/if it does more than 1,000 market and workforce level affordable units may still be “lost” even though redevelopment to a higher density was not contemplated as part of the Plan. These sites indicate that a potential loss of affordable housing can still occur under existing zoning and may need to be re-examined as the area redevelops and implementation of the Landmark Van Dorn/Corridor Plan continues. Properties along Duke Street also face similar challenges; see *Maps 5 – 5.3: Case Study Areas*.

Opportunities are possible in areas where height limits greater than 50’-77’ exist (*Map 6: Opportunity Areas with Heights Greater than 77’*) however, low site FAR<sup>5</sup> in some of these locations would inadvertently begin to make determinations about the building/construction type therefore limiting the amount of units gained from added density. For projects greater than 2.5 FAR these sites provide opportunities where a 30% increase may result in the provision of additional units achieved through bonus density; however, increased costs derived from parking requirements could be an impediment. Base project costs, including project scale, building construction type, project financing, and parking, influence whether developers will utilize Section 7-700 provisions,

Additionally, in some instances, there are inconsistencies between the allowable heights per the height district and what is permitted per the zone. For example, properties around the King Street Metro and along Duke Street are within Height District 5 which permits a maximum height of 77

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<sup>5</sup>Floor area ratio is based on the total area of building(s), divided by the area of the land or parcel(s).

feet or 82 feet if 60% of the ground floor is used for retail. However, per the corresponding zones for these same parcels, the height is permitted to 100 feet or 150 feet with a Special Use Permit. Height District 6, which includes almost the entire City outside of Old Town and Old Town North, enforces the height maximums per the corresponding zones, which in the case of CRMU zones refer to Small Area Plans for guidance on height maximums for properties.

### *Project Assumptions and Cost Differentials*

As discussed, there are a number of factors (FAR, density, site constraints, and height limitations) that determine whether a potential developer will utilize Section 7-700 for the provision of affordable housing rather than request a rezoning or CDD approval. Over and above these factors, construction type and cost may be the ultimate determining factor in whether a developer might request and use additional density under Section 7-700 provisions. Developers will seek to “max out” the number of square feet/units possible within the construction type determined in the pro-forma, and will only seek the additional density if it allows them to reach the optimal amount without pushing them out of one construction type and into a different/more expensive type. If a density increase would essentially require a change in construction type, the amount of additional density provided will need to be significant to justify the additional cost.

Other project considerations also determine how a project will be constructed and funded, including the ownership type of the units, scale of the project (and developer risk), and the type of financing to be used. The costs associated with the various building types can be offset differently dependent on whether the units provided will be rental or ownership. The critical mass of units to be delivered at one time or over a period of time is also a contributing factor. The size of a project, i.e. the total amount of units being developed and the amount of units required to be dedicated affordable is a determinant. Finally, project financing will impact the base assumptions of the building type associated with a project.

Developers already building within high-rise structures will be much more amenable to additional density because the costs of concrete and steel are included in their base building assumptions. This can be seen in all of the high-rise Section 7-700 cases (The Park Meridian (formerly ATA-Lane), Post Carlyle, Hoffman 11&12 and Braddock Metro Place) in *Table 1*. Therefore, opportunities may exist for projects that are located in zones with: (1) height limits greater than 50 feet; (2) FARs greater than 2.0-2.5; and (3) are mid-/high-rise developments that have higher base construction costs included in the base assumptions. Michael Butler, Vice President of Paradigm Development, and a member of AHAC, provided preliminary cost information to the Office of Housing on the per square foot costs of different construction types with the approximate costs of \$150/sf for wood and \$210/sf for concrete/steel; a cost differential of approximately 40%. Additional conversations with developers and contractors working in the City resulted in comparable estimates of \$130/\$135 for wood and between \$150 (concrete hybrid) to \$160 for steel reinforced concrete. The cost difference of the two construction types may indicate that a mere 10% density increase from 20% to 30% may not be enough to induce bonus density/affordable housing except for projects already designed in the higher cost construction type.

There were cases where developers used the maximum 20% bonus density to max out within wood construction, and affordable housing units resulted. Examples of this include Mount



Vernon Village Center, Potomac Yard Giant, and Landbay J Multifamily. These projects are providing affordable units, including 3 BR units that were negotiated as part of the development review process. It should be noted that these projects are wood over concrete podium, are mixed use or contain a retail component, and/or received parking reductions with their approvals. A density increase from 20% to 30%, particularly in the case of mixed-use developments, will likely not provide much incentive to developers as it will likely shift the construction type from wood to either wood over concrete or to concrete/steel.

Parking requirements associated with developments is another cost factor associated with additional density. As the density increases with a project, the provision of on-site parking also increases. The cost associated with structured parking and underground parking is about \$10,000-\$15,000/space and \$30,000-\$50,000/space, respectively. The Parking Standards for New Development Study, currently underway, will propose revised parking ratios for affordable units in new development. Among the options under consideration is a tiered reduction credit based on the unit's affordability level. Reduced parking requirements for bonus density affordable units could potentially incentivize an increase in the provision of affordable units and help developers opt for additional density, if available, by limited the associated parking for on-site affordable units. Finally, in addition to the initial costs of developing and constructing affordable housing, it is important for staff to consider other factors such as the ongoing "cost" of operating affordable units, (i.e., the difference between market rents and affordable rents, over time- usually 40 years) for developers. The economic calculation may depend on whether the developer who requests density at the inception of the project is the owner/operator over the affordability period or if the project is sold following entitlements or when construction is complete.

## **Summary**

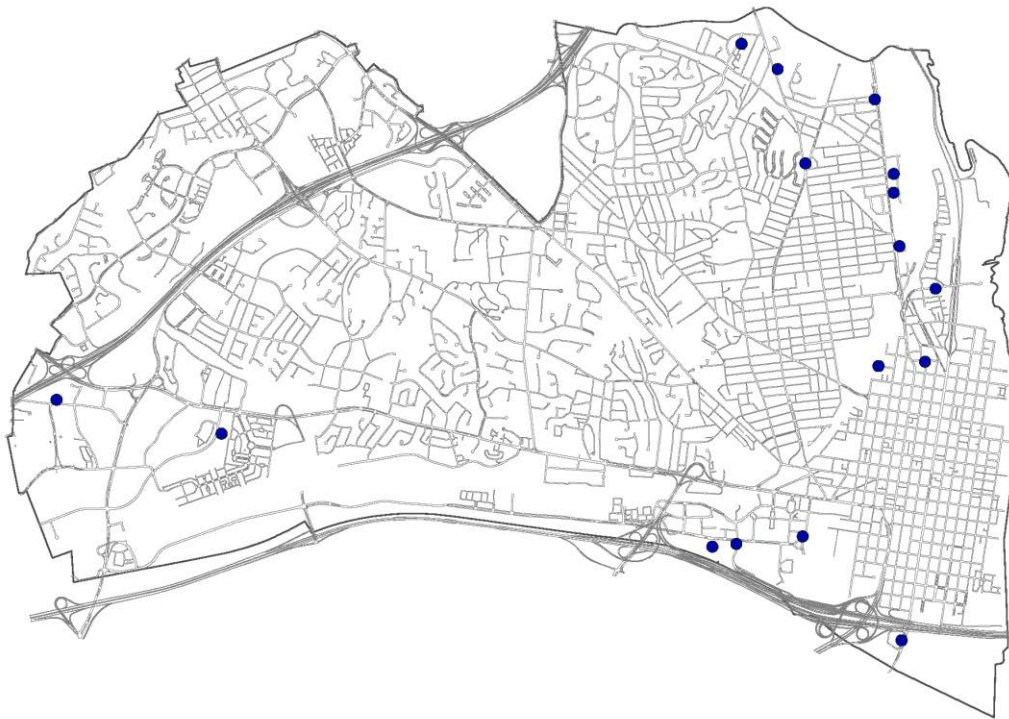
An overall increase in the bonus density allowance from 20% to 30% would produce limited benefits to the provision of affordable housing citywide; however, staff does not find any negative implications to increasing the bonus density allowance in areas where a 30% increase may be feasible. To initiate a citywide bonus density from 20% to 30%, the City would need to address restricting factors such as designated height maximums in areas with height limits of 50 feet or less. Increasing height limits along Duke Street and in the Landmark/Van Dorn area, both of which are in designated growth areas or along planned transit corridors, is a potential opportunity that could be further explored. However, an overall policy and/or zoning decision to solely increase height in these areas will not directly incentive or produce affordable housing. Any potential increases for height should be a result of utilizing Section 7-700 provisions, pairing the permissible increase as a condition or allowance for the provision of on-site affordable units.

Other project costs, such as structured or underground parking and required non-housing contributions which impact the bottom line may also limit a project's likelihood of utilizing an increase in bonus density. Ultimately, construction costs and the ability to max out all of the density possible within a given construction type, given site constraints, may determine whether a developer will seek to pursue Section 7-700. An increase from 20% to 30%, especially in mixed use projects with FARs between .5-1.5, will probably not be enough to incentivize affordable housing if it alters the construction type and requires too much additional parking,

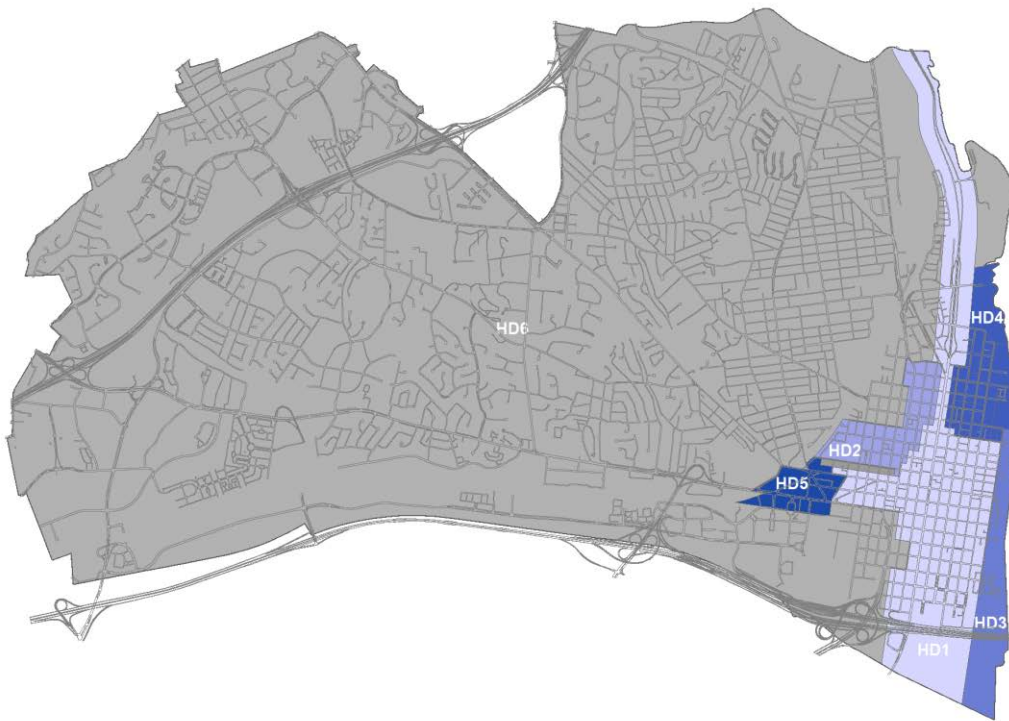
which adds significant cost to a project. An increase from 20%-30% would likely be successful for sites with a higher FAR (>2.5) which are using concrete/steel already. Since each project will have its own unique factors and costs, it is difficult to gauge how much affordable housing might result from a targeted increase in bonus density to 30% in areas outside of the Old Town and Old and Historic District areas, but attaining additional affordable units by using available zoning tools, rather than through City financial investment, still helps implement a key recommendation of the Housing Master Plan.

Although more than half of the Section 7-700 cases approved in the City occurred within CDD zones, incentive to provide required affordable housing via Section 7-700 provisions may be lost as opportunities to gain additional density may be obtained via CDDs and/or rezonings, which currently do not require the provision of affordable housing.

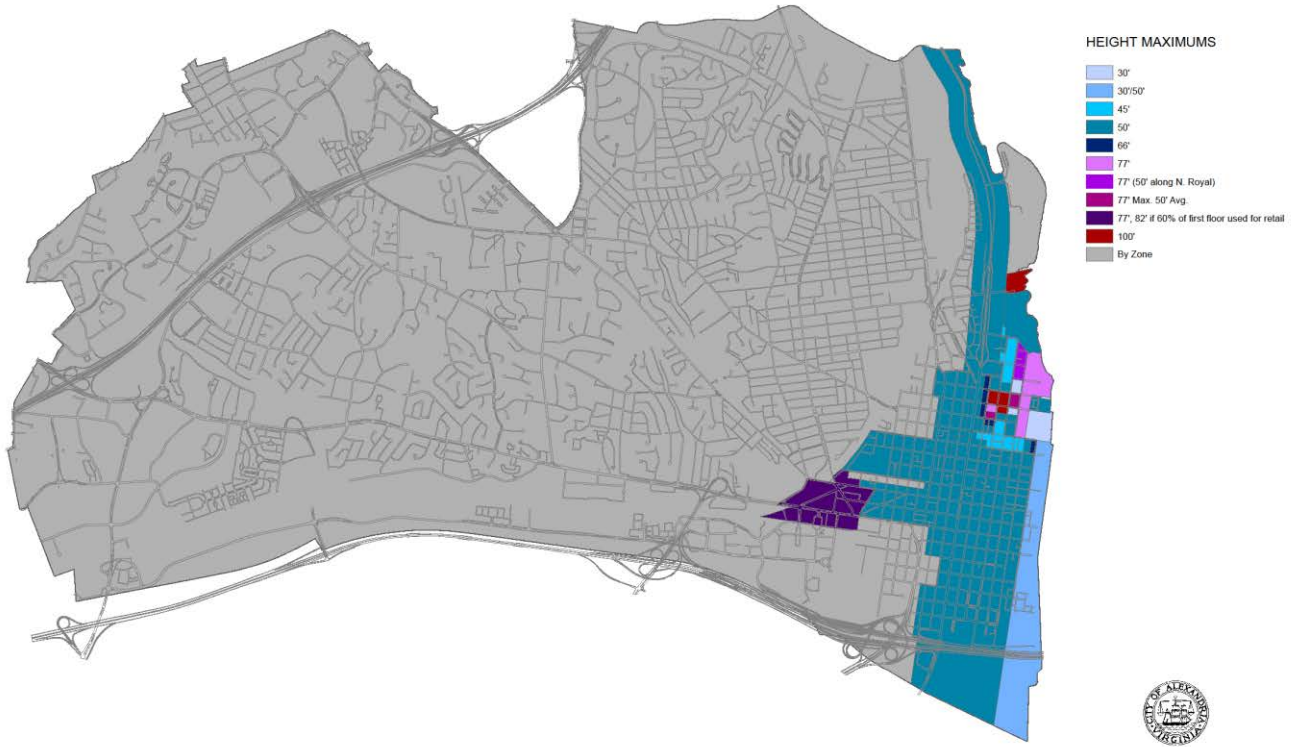
The January 2013 revisions to the Zoning Ordinance which allow greater than 20% bonus density (where specifically designated) in future Small Area Plans and providing additional flexibility regarding the size and location of units produced via bonus density affords opportunities to expand the utilization of this zoning tool. As areas of the City are currently being planned, and as updates to existing Small Area Plans are projected in the upcoming years, staff can propose bonus density increases greater than 20% to achieve the desired outcome of providing more affordable housing.



**Map 1: Projects that Utilized Section 7-700 (2006-2014)**



**Map 2: Height Districts**



**Map 2.1: Height Maximums per Height Districts**

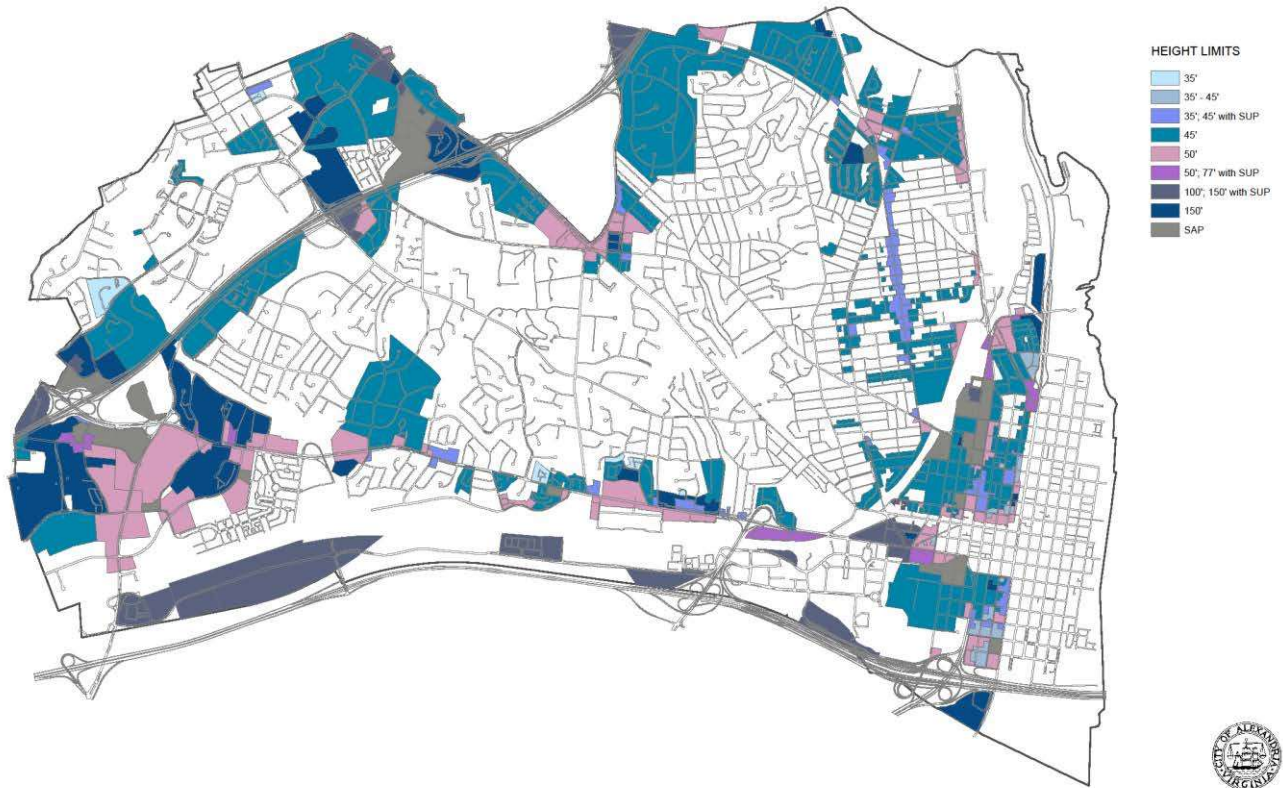


**Map 3: Floor Area Ratio Maximum per Zone**

WORKING DRAFT APRIL 1, 2015



**Map 3.1: Floor Area Ratio Maximum per Zone and Growth Areas**



**Map 4: Height Limits Per Zone**

WORKING DRAFT APRIL 1, 2015



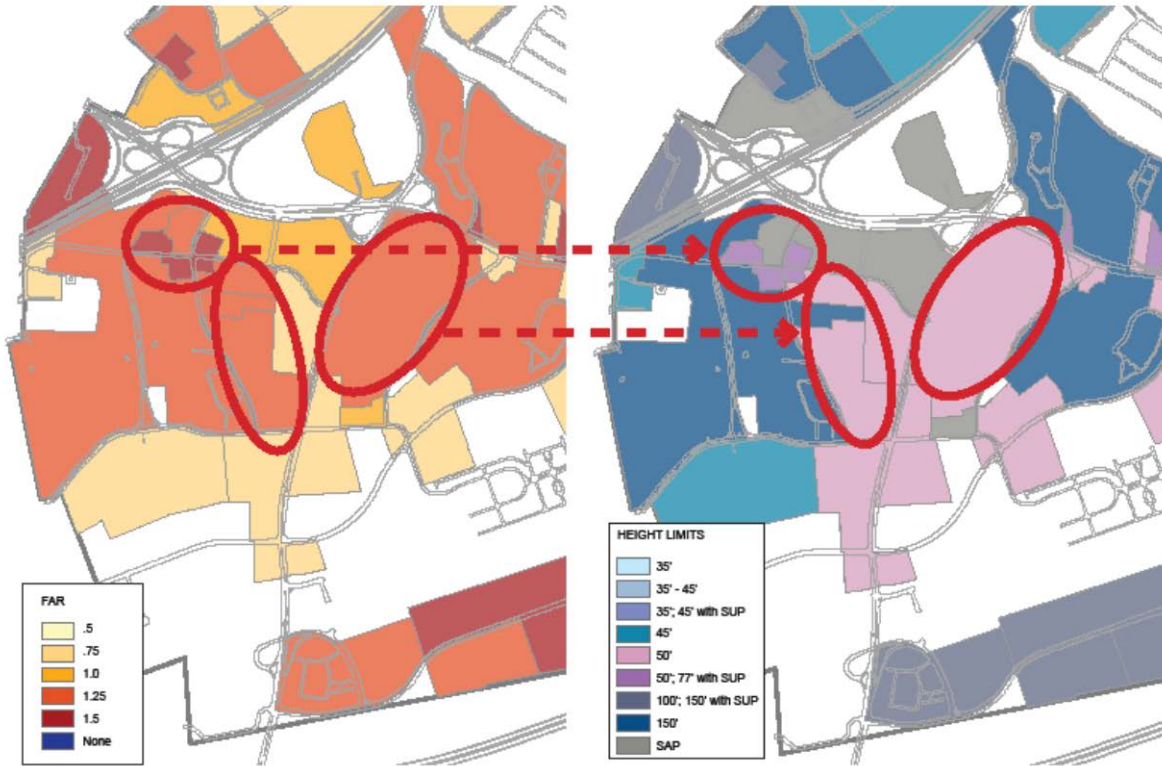
**Map 4.1: Height Limits Per Zone and Growth Areas**



**Map 5: Opportunity Areas and Growth Areas**

WORKING DRAFT APRIL 1, 2015

**Map 5.1: West End Case Study Areas**



There are potential sites in the West End where a potential increase may be feasible however, associated building heights 50' would not allow properties to achieve the additional density under 7-700 provisions. Also, some of these areas were designated in the Landmark/Van Dorn Corridor Plan as market rate affordable units that should be preserved.

**Map 5.2: Duke Steet Case Study Areas**



Opportunities along Duke Street where a potential increase may be feasible however, associated building heights (50' and up to 77' with SUP) may limit properties from achieving additional density through 7-700 provisions.

**Map 5.3: Duke Steet Case Study Areas**



Under existing zoning, building height maximums range between 35' and 50' and may limit properties from achieving the additional density through 7-700 provisions. However, opportunities exist in this area where a potential density increase may be feasible given the following:

- Properties are located in a designated growth area of the city;
- Properties are located along a major arterial road and planned Transitway

These may be arguments for increased height and higher density. Challenges to increasing height in this area will be neighborhood compatibility with surrounding residential communities



**Map 6: Opportunity Areas with Heights Greater than 77'**



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**Table 2: FAR and Height Zoning Analysis**

By Zone Designation

	Zone	FAR	FAR w SUP	Max height	with an SUP	Notes
<b>Townhouse / Multi-family Residential Zones</b>	RA	0.75		45'		
	RB	0.75		45'		
	RCX	1.25		50'		
	RC	1.25		150'		
	RD	N/A		150'		No maximum FAR applies
	RM	1.5		35' - 45'		
	RS	0.75		35'		
	RT	0.5		35'		
<b>Commercial Zones</b>	CL	0.75		35'	45'	
	CC	0.75		35'	45'	
	CSL	0.75		50'		
	CG	0.75		50'		
	CD (MF)	1.25		50'		
	CD (TH)	1.5		35' - 45'		
	CD-X	1.25	2.0	50'		
<b>Office Commercial Zones</b>	OC	1.25		50'		
	OCM(50)	1.5		50'	77'	
	OCM(100)	1.5		100'	150'	
	OCH	1.25	2.0- 3.0*	100'	150'	If located within 1000 ft of Metro may develop to 2.0; *3.0 with an SUP
<b>Commercial Residential Mixed-Use Zones</b>	CRMU-L	1.0	1.5	SAP		
	CRMU-M	1.0	2.0	SAP		
	CRMU-H	1.25	2.5	SAP		
	CRMU-X	1.5	2.5	SAP		1.5 for townhouse use only. Multifamily will require a SUP and can use 2.5 FAR

**Table 1: Projects that Utilized Section 7-700, 2006 - 2014**

Year	DSP Number	Project Name	Bonus Density	Bonus Height	Units Created with Bonus Density	Percent of Bonus Density Applied	Dedicated Affordable Units		FAR/Height Allowed per Zone	Bonus Density FAR/Height Delta*		Approved Project FAR	Approved Height	Building Type	Zoning Notes	
							Sales	Rental		Net Increase	Allowed FAR per Zoning - FAR with Bonus Density					
2006	DSUP2004-0017 (DSUP2012-0028)	ATA - Lane (2012 Amendment)	Y			20%		34	3.2	0.8	3.2 - 4.0	4	284'	Concrete/Steel	CDD#2	
2007	DSUP2005-0041	Mt. Vernon Commons (Del Ray Central)	Y			19.90%		9	1	0.25	1.0 - 1.25	1.25	45'	Wood	CDD#13	
2007	DSUP2006-0026	Station at Potomac Yard	Y		64	20%		64				3.62	70'	Wood over Concrete Podium	CDD#10	
2008	DSUP2006-0030	Old Town Crossing (Glebe Park)	N					62		0	0	0.74	42'		RA/Multifamily zone	
	DSUP2006-0031	- Old Dominion East	Y					22	0.75	0.02	0.75 - 0.77	0.77	45'	Wood	RA/Multifamily zone	
2009	DSUP2008-0013	Old Town Commons (James Bland)	Y			20%		134	0.49			1.63	Various	Wood	Rezoning RM to CDD#16	
2009	DSUP2004-0028 (DSUP2012-0002)	Stevenson Ave Condos	Y		6.97	20%		9		0.3	1.5 - 1.8	1.8	77'	Wood	OCM(50)	
2010	SUP2009-0081	Carlyle Block O (Post Carlyle)	Y			1.6%		6		0.05		3.23	65'-142'	Concrete	CDD#1	
2010	DSUP2009-0004	Hoffman 11 & 12	Y			18.5%		55		0.62			277' - 339'	Concrete/Steel	CDD#2	
2012	DSUP2009-0016	Mount Vernon Village Center		Y	28	N/A		28	50'-65'	61% up to 65', tower up to 74'	35' up to 50' w/Stepack; 50% up to 65'	3	65' - 74'	Wood over Concrete Podium	CDD#7	
2012	DSUP2011-0024	Braddock Metro Place		Y	10	N/A		10	77'	77' to 99'	1.25 - 2.5	2.5	99'	Concrete	CRMU-H	
2013	DSUP2011-0028	Jackson Crossing (East Reed AHC)	Y		77	20%		77	2	0.5	0.75 - 2.0 Rezoning Bonus Density	2.0- 2.5	2.5	60'	Wood over Concrete Podium	Rezoning CDD#7/RB to CRMU-M
2013	DSUP2012-0012	Landbay J Multifamily	Y		28	19.80%		8	N/A	28 units	153 to 181 units	2.64	71'	Wood over Concrete Podium	CDD#10	
2013	DSUP2012-0013	Giant at Potomac Yard	Y		42	20%		12	N/A	42 units	211 to 253 units	4.03	77'	Wood over Concrete Podium	CDD#10	
2014	DSUP2014-0004	Pickett Place Townhomes (The Delaney)	N/A			0		4	1.0 (2.0 w/SUP)			1.16	50'	Wood	Rezoning to amend CRMU-M with no proffers. Previous rezoning from CG to CRMU-M with proffers	
2014	DSUP2013-0007	Hunting Terrace	Y		73	20%		24	1.25	0.25	1.25 - 1.5	1.5	50'	Wood	RC/High Density Apartment	
2014	DSUP2012-0031	Slater's Lane	Y		5	20%		2	1.25	0.24	1.25 - 1.5	1.49	63'	Wood	Rezoning to amend RC with proffers	
<b>Total</b>								<b>6</b>	<b>554</b>							
							<b>Total Affordable Units</b>	<b>560</b>								

Indicates projects that utilize partial City funds  
 Project amended from previous approval

\*FAR/Height Delta is the change in FAR/Height difference between the permitted zoning and the FAR/Height achieved through bonus density increase.